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## INTERGOVERNMENTAL ASSISTANCE

### THE FEASIBILITY OF DEVELOPING A FEDERALLY SOURCED CITY BUDGET FOR THE CITY AND COUNTY OF SAN FRANCISCO

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## SUMMARY

### THE FEASIBILITY OF DEVELOPING A FEDERALLY-SOURCED CITY BUDGET FOR THE CITY AND COUNTY OF SAN FRANCISCO

The extent and use of Federal assistance to local governments have become subjects of concern at all levels of government. As the amount and diversity of Federal assistance have increased, so has the complexity of the relationship between the cities and the Federal Government. Part of the complexity lies in the differences both in adequacy and format of the budget information available to each government. A format for Federally-sourced city funds which "accounts" for all city funds in both city and Federal terms would help to overcome this deficiency. It would do so by displaying all the programs of one in the classifications familiar to the other.

In preparing this report, the Bureau of the Budget examined the feasibility of developing statements of the sources of city funds and their uses, particularly of Federal funds. The report demonstrates the feasibility of constructing the desired financial statements. These would be specifically designed to provide data on receipts and expenditures of the city by source of funds and to display the data in terms of Federal functions, programs, accounts, and organizations. Details on data collection methodology are given in Part II of the report.

To carry out the remainder of the study -- the data collection, assimilation, and analysis discussed in the report -- approximately 1.7 man-years are required. The estimated cost of time and expenses is \$34,600. Data collection, including the development of the statements shown in the report appendix, should be completed in approximately four months. Staff would be drawn from the Bureau of the Budget and from other agencies which have offered assistance.

The final report, including analysis of the impediments and implications of the "Federally-sourced city budget," could be completed sometime in August.



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THE FEASIBILITY OF DEVELOPING A FEDERALLY-SOURCED CITY BUDGET  
FOR THE CITY AND COUNTY OF SAN FRANCISCO

I. REASONS FOR THE STUDY

I.1: Problem

Much has been written and said about the lack of coordination between the design and implementation of Federal programs and similar activities at local levels. If we were able to plan Federal programs with information about city, regional, and state programs, we would be in a position to interrelate Federal effort and local effort more effectively. While some cities have developed program structures as an aid to planning and program analysis, no attempt seems to have been made to align these structures in similar terms to the Federal program structures, functional, or appropriation classifications.

I.2: Purposes

The purposes of this proposal are to study the conceptual feasibility of such an interrelated structure and to develop a model structure which will display the Federal funds supplied in terms of the program structure of a test city and their sources within the Federal structure. Sample formats for these displays are contained in Appendix A.

If such a tool were available, several valuable uses of it can be imagined:

- A city would have a detailed and comprehensive picture of the funds supplied to it by the Federal Government. The uses of those funds could be evaluated in the context of the entire city budget rather than in a program by program perspective.



- Government executives at the Federal, regional, and local levels would have a mechanism to assist them in the planning and budgeting of programs at their respective levels. This enhanced ability would be a direct result of the availability of better information on other related programs at each level of government.
- The mechanism has the potential of being used as a single budget encompassing all Federal funds requested by the city. At the very least, it would permit Federal officials an overview of all city expenditures in terms which are directly translatable into the Federal budget classifications.
- Such a mechanism offers the possibility of viewing the budgets of cities and towns within a region as components of a regional plan. It may be of additional use to Federal executives in the regions and Washington in evaluating the mix of Government funds allocated for various purposes throughout the region.
- Differences and similarities between Federal priorities and city priorities might be more easily identified giving each a broader perspective of the goals of the other.

The uses suggested are neither exhaustive nor in any sense authoritative. The intent of the study will be to develop the mechanism and to identify the administrative, legal, and organizational factors which need to be considered before any use can be made of it.



### I.3: Approach

The basic methodology of the study will relate the Federally-sourced funds received and expended by a specific city to existing Federal appropriations, functional, and program classifications. In addition, the Federally-sourced funds will be related to city program and agency classifications. A program will be developed to display the information in a variety of formats and to provide crosswalks among the various classifications and categories. The results will be a series of accounts in the form of the planning budgets for both the city and the Federal Governments.

We have selected San Francisco as a desirable test city on the following grounds:

- a) All of the most relevant Federal agencies have regional offices in San Francisco. Accordingly, access to Federal regional data would be facilitated.
- b) The Federal Regional Council in San Francisco has endorsed the idea of the study and has offered its assistance in this project.
- c) Representatives of the City and County of San Francisco have expressed an interest in the study and have agreed to make the City's records available and to cooperate in other ways with the conduct of the study.
- d) San Francisco has a relatively uncomplicated jurisdictional structure permitting a reasonable test of the study methodology.

The study was described in a series of briefings conducted by members of the Bureau of the Budget, held with city and Federal officials in Washington and San Francisco. These briefings led to endorsements of a feasibility study by the Regional Council and the San Francisco Mayor's Office. Based on these approvals, an examination was undertaken to determine:



- 1) whether the information required for the study could be obtained;
- 2) if so, the most effective manner of collecting the necessary data; and
- 3) the cost and time required to carry out the study.

The Bureau of the Budget (Resources Planning Staff) examined the financial management systems of the City and County of San Francisco and of the State of California. This examination consisted of personal interviews and document examinations designed to ascertain accounting procedures, information sources, and data formats applicable to the study. Interviews were held with city accounting and budget personnel at the central and departmental levels. Selected interviews were held with state officials primarily to determine the availability of data on Federally-sourced state grants to San Francisco.

From this examination it was determined that the information requirements of the study could be met. The findings were used in developing the procedures for collecting the required study data. Section II of this report describes the information and document sources, collection procedures, and the Federal and city classifications to be used in recording the information obtained in California.

The study would begin with the collection of receipt and expenditure data classified by source of funds. Federally-sourced funds would then be related to various Federal budgetary and agency classifications. In order to process this information, the data will be entered on cards and a computer program will be developed to process the data into the desired output formats.



The study will cover all Federal grants to the City and County of San Francisco and to the quasi-governmental institutions which operate within its boundaries. More specifically, the study will include those agencies which are subject to effective influence by the City and County of San Francisco, unless the agencies involve two or more local jurisdictions. The following table lists the governmental units to be included and those to be excluded:

Agencies to be included

City and County of San Francisco

Civic Auditorium

Economic Opportunity Council

Employees Retirement System

Hetch-Hetchy Project

Housing Authority

Laguna-Honda Home

Municipal Railway

Parking Authority

Redevelopment Agency

San Francisco General Hospital

San Francisco International Airport

San Francisco Stadium, Inc. (Candlestick Park)

Unified School District



Agencies to be excluded

Air Pollution Control District

Association of Bay Area Governments

Bay Area Rapid Transit District

Golden Gate Bridge

San Francisco-Oakland Bay Bridge

All Federal grant and loan funds received during the fiscal year 1967-68 will be included, whether received directly from the Federal Government or through the state government. The outputs of the study will include displays of the receipts and expenditures of Federally-sourced funds in San Francisco by Federal program, agency, appropriation, and function. All city receipts will be displayed by source and type of funds; expenditures will be displayed by city agency, program category and source.

As described in Section III, the study will be led by the Bureau of the Budget with assistance from representatives of the major agencies whose funds devolve to the city level, the staff of the Federal regional offices involved, the General Accounting Office, the City and County of San Francisco, and the State of California.

Two phases of work will be required to complete Part 1 of the study:

1. Collection of Data

A team of two or three members will be required to record the data extracted from the San Francisco accounting records and the information obtained from the other city and state agencies. The information will be coded and classified at this time.



## 2. Processing

The completed data coding forms will be returned to Washington for transfer of the data to punched cards for computer processing. The computer outputs will consist of the various budget formats contained in Appendix A.

## 3. Analysis of Findings

Part 2 of the study will determine the implications of and the impediments to the use of the outputs of Part 1. The investigation will cover the administrative, organizational, and legal aspects of such a system. As the outline of this part of the study is shaped, a specific proposal describing its elements will be presented to the Federal Regional Council, the city, and interested Federal agencies.



## II. DATA COLLECTION AND PROCESSING METHODOLOGY

### II.1: General Procedures

To obtain the information necessary to produce a statement of sources and uses of funds for the City and County of San Francisco during the 1967-68 fiscal year, four phases of work will be required.

1. The first task will be the examination of the City Controller's accounts to determine the sources of funds received and expended by the city. At the same time, the purpose and reason for receipt and expenditure will be obtained. In some instances, it will be necessary to refer to other sources of information to make these determinations. These sources include officials of local and state agencies (see Section II.5: Data Collection Procedures).
2. After the above information has been obtained, the transactions will be related to Federal and city program categories, organizational units, Federal functions, and various details regarding the funds (see Section II.3: Information Categories - Classification Codes).
3. When all the information for a receipt or expenditure has been obtained, the data will be coded by various classifications. Whenever possible, existing codes will be utilized to allow wider use of the resulting materials. After verifying their completeness and correctness, the data will be transferred from the coding forms to computer punch cards for processing (see Section II.4: Data Coding Forms).



4. A computer program will be developed to process the information so as to display the basic data in several formats utilizing the various classifications (see Appendix A). The end products will be a statement of sources and applications of funds and Federally-sourced city accounts by function, program category, appropriation, and agency.

## II.2: Resource Documents and Information Sources

In order to obtain the basic receipt and expenditure data and information on the purposes and sources of funds, it will be necessary to examine various financial documents and to consult other information sources. These sources are located in three main areas:

1. San Francisco Controller's Office
2. Other City agencies
3. State agencies

The number of sources utilized to obtain the information for a particular account will depend on the amount of detail available in the Controller's records. In most cases, it will be necessary to consult only one document to obtain a complete entry for a receipt or expenditure item, while in others, it will be necessary to consult all three sources. The following is a summary of the sources that will be used to collect the required input data for the study.

### II.2.1: Receipts

#### A. Documents Available in the City Controller's Office

1. Departmental Receipt Deposit Records - Fee Tags: all revenues received by the City and County of San Francisco are first forwarded to the City department responsible



for the account to be credited. The department being credited with the revenue funds prepares a record of deposit known as a fee tag and then forwards the revenue receipt to the City Treasurer for deposit. The fee tag serves both the Treasurer and the department as a deposit record. The fee tag contains the following items:

- a) the department being credited with the receipt;
- b) the departmental account to which the receipt is credited;
- c) the amount of the receipt;
- d) the source of the receipt; and
- e) the date of deposit.

The fee tags will be used in some cases to obtain the source of receipt when other records do not supply it.

2. Receipts and Distribution of General City Current Funds

- a) Monthly Run of Receipts - Accumulated Daily Receipts by Month
- b) Monthly Run of Receipts - Accumulated Total Receipts by Month

These two computer printouts list all City revenue accounts by account code. For each account, deposits are listed by:



1. day of deposit in the Accumulated Daily Run
2. monthly totals in the Accumulated Monthly Totals Run

Both listings follow the same format. The daily listing covers only one calendar month while the monthly total listing covers an entire fiscal year. The codes by which the accounts are listed consist of the following information:

1. The organizational unit: a three-digit code which specifies the city organization unit at the departmental and activity levels.
2. The account code: consists of four digits. The first digit represents the class of receipt (e.g., property taxes, licenses, etc.). The last three digits (which may also have an alphabetic subscript) represent the specific source of receipt.

These two listings do not contain the titles of the accounts. However, a separate listing of titles is available and can easily be referred to by the account code. The listings will be utilized whenever possible to obtain all the required receipt data. When the necessary information cannot be derived from the listings, other city departments and state agencies will be consulted.

B. Information Maintained in Individual City Departments and by Other Agencies

The major city agencies and the Unified School District maintain individual accounting records. Of particular use in



obtaining detailed information on receipts will be the accounting ledgers. These are manually posted records of receipts and expenditures for the department's accounts. In addition to the account ledgers, account files are maintained by the major agencies involved in Federal grant programs and projects. These files contain such documents as authorities to make applications, grant applications, notifications of grant awards, and program agreements. It will be necessary to consult these sources when the information available in the City Controller's Office does not adequately indicate the sources or purposes of the receipts.

C. State Sources of Information

Some of San Francisco's receipts from the state are a combination of Federal and state-sourced funds. Such receipts are for programs administered by the state and Federally financed either in part or in total. The distinction between the Federal funds and state funds for these receipts is not always specified in the accounting records of the San Francisco Controller's Office nor in those of the operating agencies. To determine the Federal and state portions of such receipts when the distinction is not made in the local records, it will be necessary to consult the state office administering the program. As part of the preliminary investigation for the study, state departmental and accounting officials were interviewed to learn of their accounting practices for joint Federal-state grant program funds. These



interviews indicated that Federal funds are separately designated in their records. The state officials offered to provide the information necessary to identify the state and Federal portion of state-sourced funds required for the study.

### II.2.2: Expenditures

#### A. Documents Available in the City Controller's Office

1. Expenditure Appropriation Account Listings: This is a monthly computer printout list of all expenditures occurring during one calendar month. The listing is done sequentially by account code which consists of five identification items and a total of 13 digits. An account code on the listing would appear as:

X-XXX-XXX-XXX-XXX

The following information is contained in the code:

##### First item

The fiscal year in which the account was established.

##### Second item

The organization to which the account pertains. Both the departmental and agency activity levels are generally indicated in this item.



Third item

The fund from which the expenditures are made. Of particular interest will be the 999 classification in this item. This designation is used for deferred credit, trust, and certain other special funds or accounts, and it is used for those Federal grants which are awarded on a one-time basis. These are the Federally funded programs for a specific project usually limited to one year, with a defined amount of revenue available. The Federal funds involved in programs of a continuing nature, e.g., categorial grants for welfare assistance, are classified as regular city revenue funds and are not usually specially designated.

Fourth item

Defines the object class of expenditure for the account (e.g., salaries, equipment, supplies, etc.)

Fifth item

May represent either a further refinement of the object class of expenditure or denote a specific project or program. This code item is not used for all accounts but only when there is a need to make finer distinctions than those denoted by the other items.



The printout gives nine items of information for each expenditure account:

1. Date: the date of each transaction.
2. Reference: the source document concerning each transaction.
3. Expenditures: the amount expended from the account.
4. Encumbrances: the amount obligated but not expended for the account.
5. Unencumbered balances: the amount allotted but not encumbered or expended.
6. Allotted: the amount of the appropriation/transfer which may be encumbered and then expended.
7. Unallotted: the portion of the appropriation/transfer which has not been allotted.
8. Reserves: the portion of the account which is unavailable for allotment.
9. Appropriation/Transfer: the amount of funds appropriated to the account in the annual budget, plus transfers in and minus transfers out to other accounts.



The study will use only the financial information on expenditures since they alone represent actual cash out-flows from the account. The total expenditure figure given in the monthly listing represents the cumulative expenditures made from the account since it was first established.

2. Supplementary Journal Vouchers (SJV): These are the reference authorities maintained by the City Controller for major activities of the expenditure accounts. Authority to establish the account, to receive certain appropriation revenues, and to make certain expenditures are examples of SJV's.

B. Information Maintained in Individual City Departments and by Other Agencies

These items are the same as those discussed under Receipt Documents and include ledgers and account reference files. They will be used to obtain information for classifying the expenditure data when the records in the City Controller's Office do not provide such information.

II.3: Information Categories - Classification Codes

The basic receipt and expenditure data (in dollar amounts) will be related to other information which has been categorized and coded. Whenever possible, existing codes have been selected to allow wider use of the resulting information. Table II-1 shows the basic data items and the various information categories to which they will be related. Table II-2 displays the information categories and code formats and lists the information contained in the code formats. Information categories are described below. Brief discussions are included on their use.



## 1. City Revenue Account

Each revenue account maintained by the city is classified by an account code composed of two elements: (a) the city organizational unit and activity to which the account pertains, and (b) a designation for the particular account. This code is used in the computer printout listing of receipts and on the fee tags. The revenue account code will be recorded for each receipt as it appears in the printout listing to supply the city organization and account designation and as a control and reference device.

## 2. Source of Funds

For city receipts, funds will be classified according to local, state, Federal, or other sources. For expenditures, funds will be classified by total city expenditures -- a combination of all sources of funds, and by Federally-sourced funds. In addition, all Federally-sourced funds will be designated by origin, i.e., directly from the Federal Government, from the Federal Government via the state government, or other agency.

## 3. Funds from Local Sources

Locally-sourced receipts will be defined by origin, e.g., personal property taxes, public service enterprise revenue, etc.

## 4. Funds from State Sources

Receipts derived from the state (excluding those funds contributed by the Federal Government and subsequently received by the city from the state) will be classified by type of funds (grants, loans, shared taxes, etc.). Grants and loans will be further defined as to purpose (health, education, etc.) and shared taxes will be distinguished by the revenue origin (sales, gasoline, vehicle license taxes, etc.).



5. Funds from Other Sources

For those funds received from other than Federal, state, or local sources, classification will be by origin. The following breakdown will be used: private (for individual bequests and gifts), governmental (for receipts from other cities, counties, or other governmental units not elsewhere classified), and public (contributions and gifts from foundations and other agencies).

6. City Program Structure

This classification will be based on the one devised by the National Committee on Governmental Accounting of the Municipal Finance Officers Association. The functions and activities of the city government will be classified by program category and subcategory (e.g., health as a program category and control of communicable diseases as a subcategory). Both Federally-sourced funds received and expended and the total funds expended by the city will be related to the city program structure.

7. Federal Organization Classification

The organization of the Federal Government which administers the grant programs supplying receipts to the city will be classified at three levels using the classification codes specified in Appendix A of the Bureau of the Budget Circular A-11 as a basis. These codes designate an organization at departmental and bureau levels. A further designation will be added to the code for the division level of the Federal organization. The organization classification will be used for all Federally-sourced city receipts and expenditures.



8. Federal Appropriation and Activity Classification

The Federal budget classifies grants-in-aid and loan funds available to local governments by a particular appropriation code. A further distinction is made for the activity in which a particular grant program is included. These two codes will be used to classify city receipts and expenditures of all Federally-sourced funds.

9. Federal Functional Classification

This classification, developed by the Bureau of the Budget, divides the activities of the Federal Government as a whole into eleven functional categories. These categories contain several subfunctional classifications. The activities of one department may be classified in more than one functional category. The classification is used in the Federal budget as part of the identification for each appropriation. The functional categories have been coded with a three-digit classification: the first two digits represent the function, and the last digit, the subfunction. The functional code will be used to classify all Federally-sourced city receipts and expenditures.

10. Federal Agency Program Structure

Each major Federal unit has developed a program structure for its activities. The structure classifies an organization's activities into output-oriented program categories, subcategories, and elements. For the purposes of this study, only the program category and subcategory classifications will be used for the city's Federally-sourced funds.

11. Use of Funds

Each Federally-sourced receipt and expenditure will be classified according to use. Two distinctions will be made: (1) the purpose of the



funds (planning, administration, etc.) and (2) whether or not the Federal funds were used in conjunction with non-Federal funds for the same program/project; and if so, the source(s) of the non-Federal funds will be noted.

## 12. City Expenditure Account

Expenditures made by the city are classified by code in its accounting records. The code contains information concerning both the expenditure and the account from which it was made. For the study, certain information concerning the object of expenditure contained in the code will be omitted. The elements of the code to be used will specify the following items: the year the account was established, the city organization to which the account applies, and any distinctive element of the specific project contained in the code that is applicable to the study. The expenditure account classification will be used to code all expenditure data.

### II.4: Data Coding Forms

Two coding forms will be used to record the data obtained from the various accounting documents and information sources. Samples of these forms are shown in Figure II-1. Form A will be used for revenue receipt data, and Form B for expenditure data. The subscripts in the headings of the sample coding forms refer to the classification codes contained in Tables II-1 and II-2. The numbers in parentheses below the headings refer to the number of digits contained in the classification code. The coded information contained on the completed forms will be transferred to punch cards for processing after it has been verified as complete and correct.

The basic data, the dollar amount of the funds involved and the account code, and the coded information items will be recorded on the appropriate coding forms. In Section II.5, Table II-3 specifies the information



**FIGURE III-1**  
**DATA CODING FORMS - SAMPLE FORMATS**

Form A - Receipt Data

BASIC DATA			INFORMATION CATEGORIES							
		3	4	5	FEDERALLY SOURCED RECEIPTS				11 USES OF FUNDS	
CITY ACCT. CODE	DOLLAR AMOUNT OF RECEIPT	SOURCE OF RECEIPT	LOCAL SOURCE	STATE SOURCE	OTHER SOURCE	CITY PROGRAM STRUCTURE	FEDERAL ORGANIZA- TION	FEDERAL APPROV- ATION & ACTIVITY	FEDERAL AGENCY PROGRAM	FUNCTION
(7)	(8)	(1)	(2)	(2)	(2)	(4)	(4)	(6)	(3)	(2)

Form B - Expenditure Data

BASIC DATA			INFORMATION CATEGORIES							
		3	4	5	FEDERALLY SOURCED FUNDS				11 USES OF FUNDS	
CITY ACCT. CODE	DOLLAR AMOUNT OF EXPENDITURE	SOURCE OF FUNDS	CITY PROGRAM STRUCTURE	FEDERAL ORGANIZA- TION	FEDERAL APPROPRIATION & ACTIVITY	FEDERAL FUNCTION	FEDERAL AGENCY PROGRAM	FUNCTION	USES OF FUNDS	COMMENTS
(10)	(8)	(1)	(4)	(6)	(6)	(3)	(4)	(4)	(2)	

Subscripts in form headings denote code to be used and refer to list at codes in table II-2 and Section II-3.

Number in parenthesis below headings indicate the number of digits contained in the code; only 80 digits can be used for a data set (a complete line entry).

Re

E

AJ

Co

Pg

SC

TABLE II.1  
BASIC DATA ITEMS RELATED TO INFORMATION CATEGORIES

BASIC DATA ITEM	INFORMATION CATEGORY
Receipt Data	
All Receipt Items	City Revenue Account <sup>1</sup> Source of Funds <sup>2</sup>
Receipts from:	
Local Sources	Funds from local sources <sup>3</sup> (type of tax or revenue)
State Sources	Funds from state sources <sup>4</sup> (type of funds and purpose)
Other Sources	Funds from other sources <sup>5</sup> (origin)
Federal Sources	City program category and subcategory <sup>6</sup> Federal organization Federal appropriation and activity <sup>8</sup> Federal function <sup>9</sup> Federal agency program category and subcategory <sup>10</sup> Uses of Federal funds <sup>11</sup>
Expenditure Data	
All expenditure items	City expenditure account <sup>12</sup>
Combined local, state, other, and Federal funds	City program category and subcategory <sup>6</sup>
Federally-sourced funds	City program category and subcategory <sup>6</sup> Federal organization <sup>7</sup> Federal appropriation and activity <sup>8</sup> Federal function <sup>9</sup> Federal program category and subcategory <sup>10</sup> Uses of Federal funds <sup>11</sup>

NOTE: The basic data will be actual dollar amounts received and expended by the city during the fiscal year covered by the study. The information category is the descriptive detail that will be supplied for the basic data. The information category subscripts refer to the listing in Table II.2 and the category descriptions in Section II.3.



TABLE II-2

INFORMATION CATEGORY CLASSIFICATION, CODE FORMATS AND ELEMENTS

<u>INFORMATION CATEGORY</u>	<u>CODE FORMAT</u>	<u>ITEMS IDENTIFIED BY CODE ELEMENTS</u>		
1. City Revenue Account	1 <u>XXX-XXXX</u>	1 - Organizational unit, department and activity 2 - Account; revenue class and specific source of receipt		
2. Source of Funds	1 <u>X</u>	1 - Source of funds <sup>1</sup>		
3. Funds from Local Sources	1 <u>XX</u>	1 - Type of tax or revenue		
4. Funds from State Sources	1 2 <u>XX-X</u>	1 - Type of funds (grant, loan, etc.) 2 - Purpose of grant, type of revenue		
5. Funds from Other Sources	1 <u>XX</u>	1 - Source of revenue		
6. City Program Structure	1 2 <u>XX-XX</u>	1 - Program category 2 - Program subcategory		
7. Federal Organization	1 2 3 <u>XX-XX-XX</u>	1 - Department - level designation 2 - Bureau - level designation 3 - Division - level designation		
8. Federal Appropriation and Activity	1 2 <u>XXXX-XX</u>	1 - Federal budget appropriation classification 2 - Federal budget activity classification		
9. Federal function	1 2 <u>XX-X</u>	1 - Function 2 - Subfunction		
10. Federal Agency Program Structure	1 2 <u>XX-XX</u>	1 - Program category 2 - Program subcategory		



TABLE II-2 ... cont'd

INFORMATION CATEGORY	CODE FORMAT	ITEMS IDENTIFIED BY CODE ELEMENTS			
11. Uses of Federal Funds	X-X	1	2	1 - Purpose of use (training, administration, etc.)	
		2	-	2 - Combined use (with funds from other sources to finance one program/project) <sup>2</sup>	
12. City Expenditure Account <sup>3</sup>	X-XXX-XXX-XXX	1	2	3	4
		1	-	Fiscal year in which account was established	
		2	-	Organization to which account pertains	
		3	-	Fund from which expenditures are made	
		4	-	Project on which funds are expended	

1. Sources are Local, State, Direct Federal, Federal passed through State, and Federal passed through Other Agency
2. This breakdown includes the following items: Federal only, Federal-State, Federal-City, Federal-State-City, Federal-Other, Federal-City-Other, Federal-State-Other, and Federal-State-City-Other. A separate card will be produced for each source.
3. The study will not utilize the expenditure code data on objects of expenditure.



categories for receipt data and Table II-4 for expenditures data to be completed on the coding form. A comments section has been reserved on the coding form for remarks; this section will be used as required in the collection of the data and especially when initial procedures fail to supply all the required information.

## II.5: Data Collection Procedures

### II.5.1: Receipt Data Collection

The data collection phase of the study will involve several steps which are listed below in the sequence in which they should be followed. In general, the procedure will require an examination of accounting records, relating the information obtained from them to other categories of information, and recording the items after the appropriate code classifications have been identified. In some cases, reference to one source will suffice, while in others multiple sources must be consulted in order to obtain a complete information set for a basic data item.

#### Sequential Steps to be Followed

- Step 1 Using the Monthly Total Receipts Run, determine if any deposits were made to an account during the fiscal year 1967-68.
- Step 2 Check the account title to determine if the receipt source and program category can be obtained from this description. If the account title is sufficient for these determinations, the account code and dollar amount of the receipt should be recorded on the coding form.
- Step 3 Depending on the source of the receipt, the other items on the coding form should be completed as indicated in Table II-3.

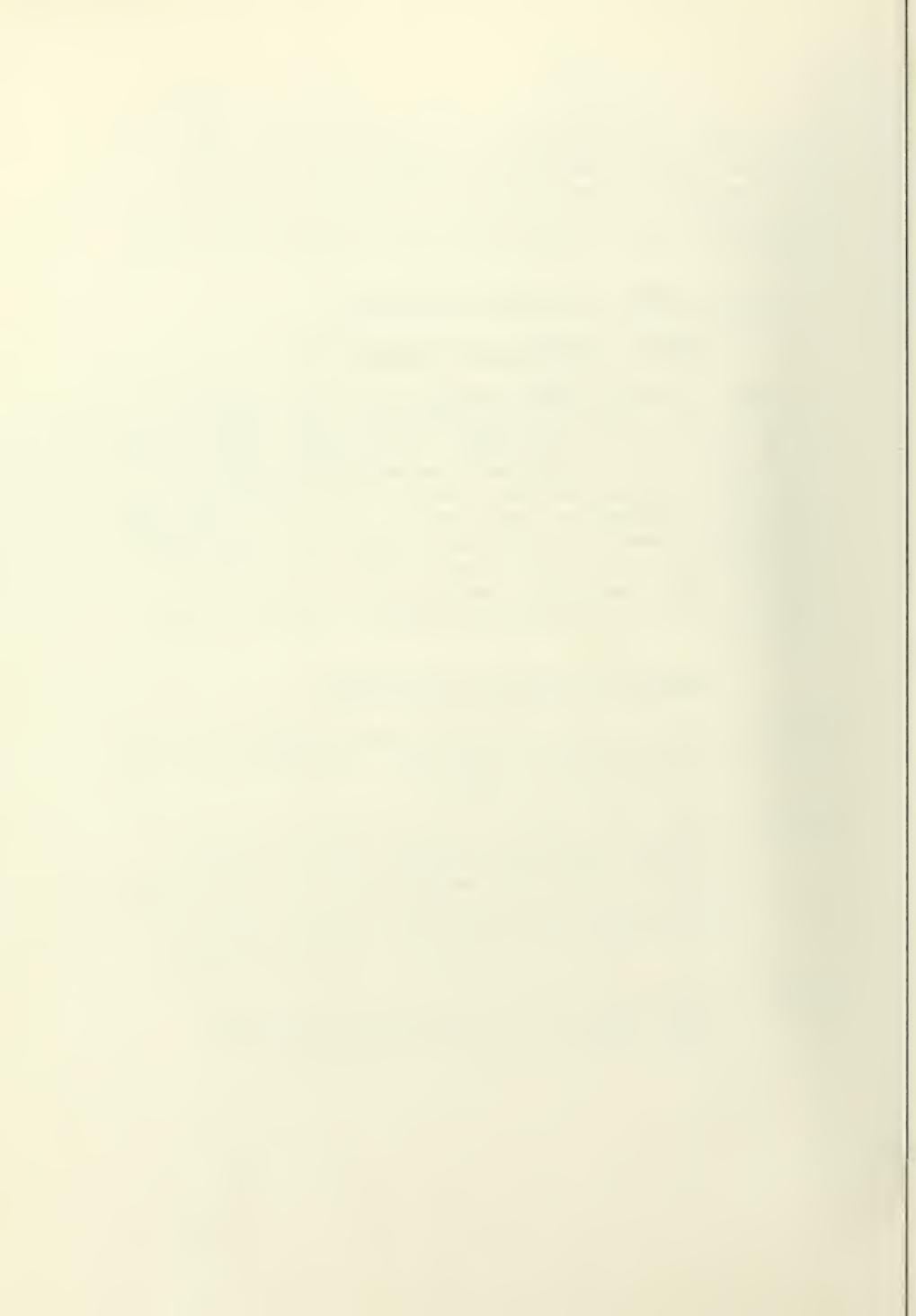


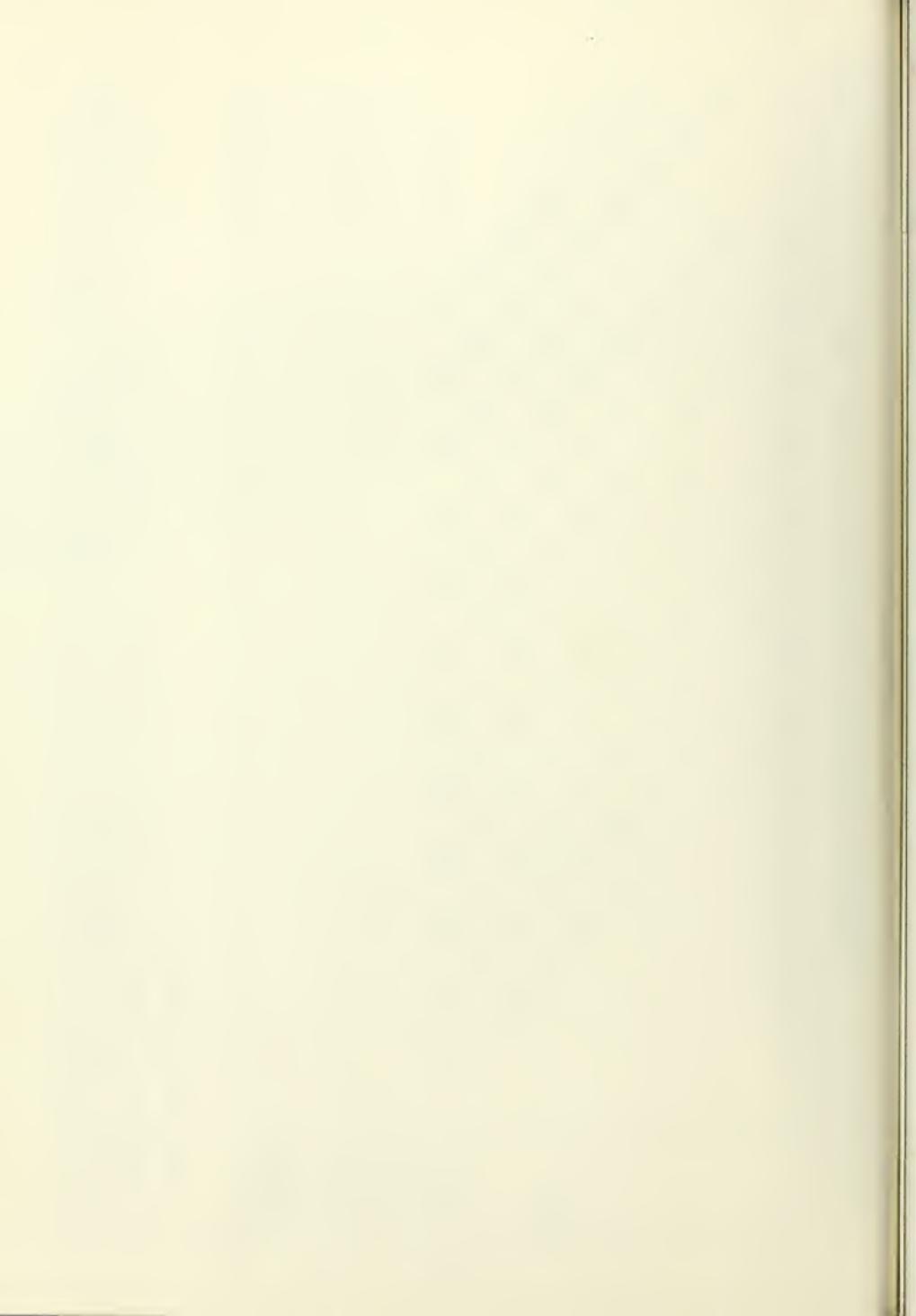
TABLE II-3

## INFORMATION CATEGORIES FOR RECEIPT DATA CODING FORM

BASIC DATA:		Receipts from LOCAL SOURCES		Receipts from STATE SOURCES		Receipts from OTHER SOURCES		Receipts from FEDERAL SOURCES		Comments	
DOLLAR AMOUNT OF RECEIPT	CITY ACCOUNT CODE	X	X	X	X	X	X	X	X		
SOURCE	STATE SOURCE										
LOCAL SOURCE											
STATE											
OTHER											
FEDERAL											

X - Item to be completed

To complete the appropriate information categories, the relevant classification code should be determined. This is accomplished by relating the receipt by source and purpose to the other information categories using a classification code guide which contains descriptions of the categories together with the appropriate numerical codes to be used in recording the item.

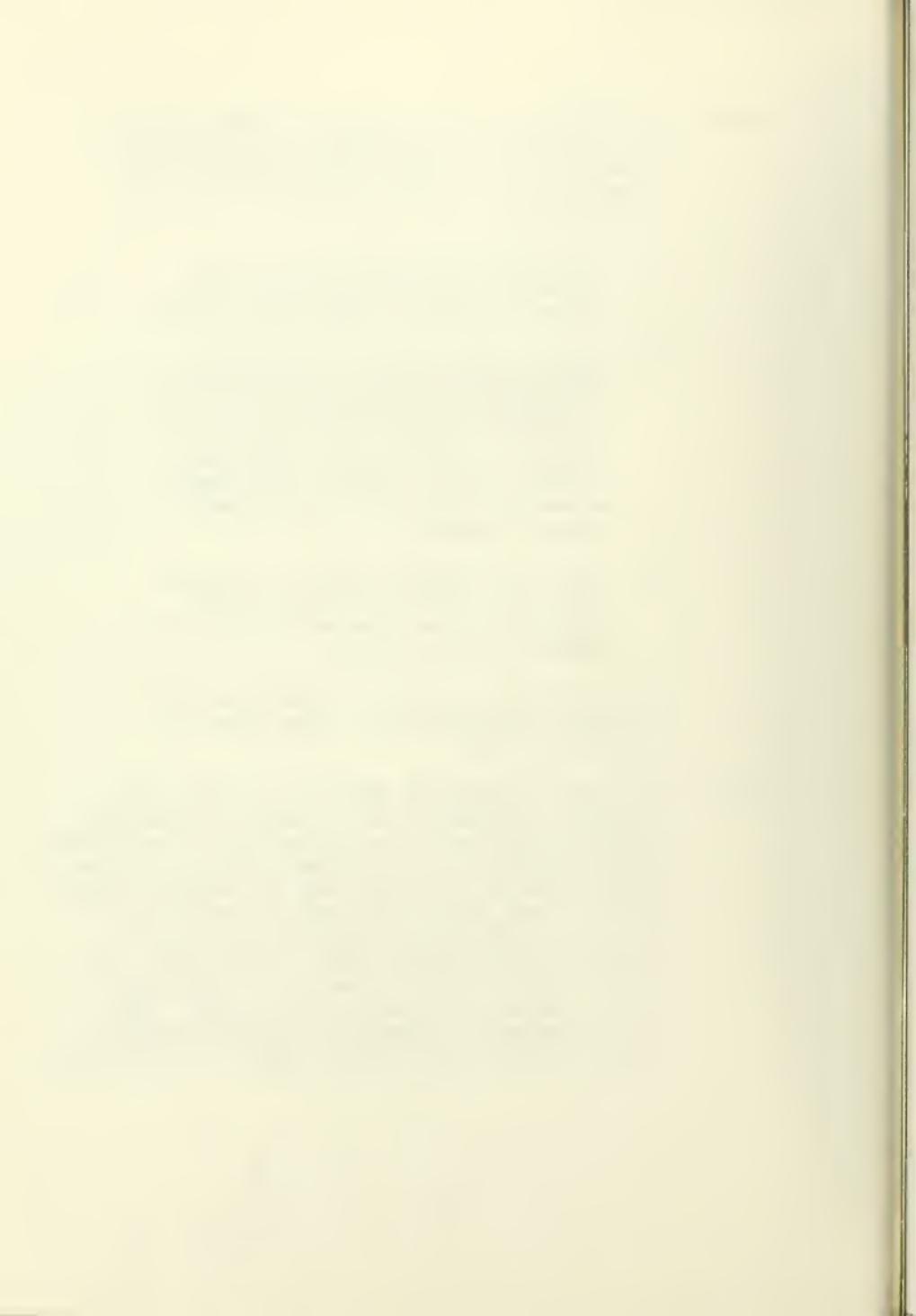


Step 4 If the title of the revenue receipt account is insufficient to provide the required information, i.e., source and purpose of the receipt, the following procedure should be employed:

- a. Determine the months during which deposits to the accounts were made using the Monthly Total Receipts Run.
- b. Refer to the account in the Daily Receipts Run using the Account Code to obtain the specific dates of the deposits. It will be necessary to refer to as many runs as there are months in which deposits were made; a run will only cover one calendar month's deposits.
- c. After the specific dates of deposits have been obtained, refer to the appropriate fee tags to determine the source of the receipt.

The procedures in Step 3 should then be followed to complete the other items on the coding form.

Step 5 If, after completing Steps 2, 3, and 4, the required information still cannot be obtained, then the appropriate city departmental accounting office and/or the state departmental accounting office must be consulted for the required information. The proper city office can be determined from the organization identification element in the account code. This office, in turn, will be able to specify the appropriate state office to contact, if necessary. The city departmental accounting offices should be consulted for the following types of information:



1. the purpose for which the funds were received;
2. the uses of Federal funds received (purpose of the receipt and whether or not funds from other sources were involved); and
3. the amount of Federal funds included in state-sourced receipts.

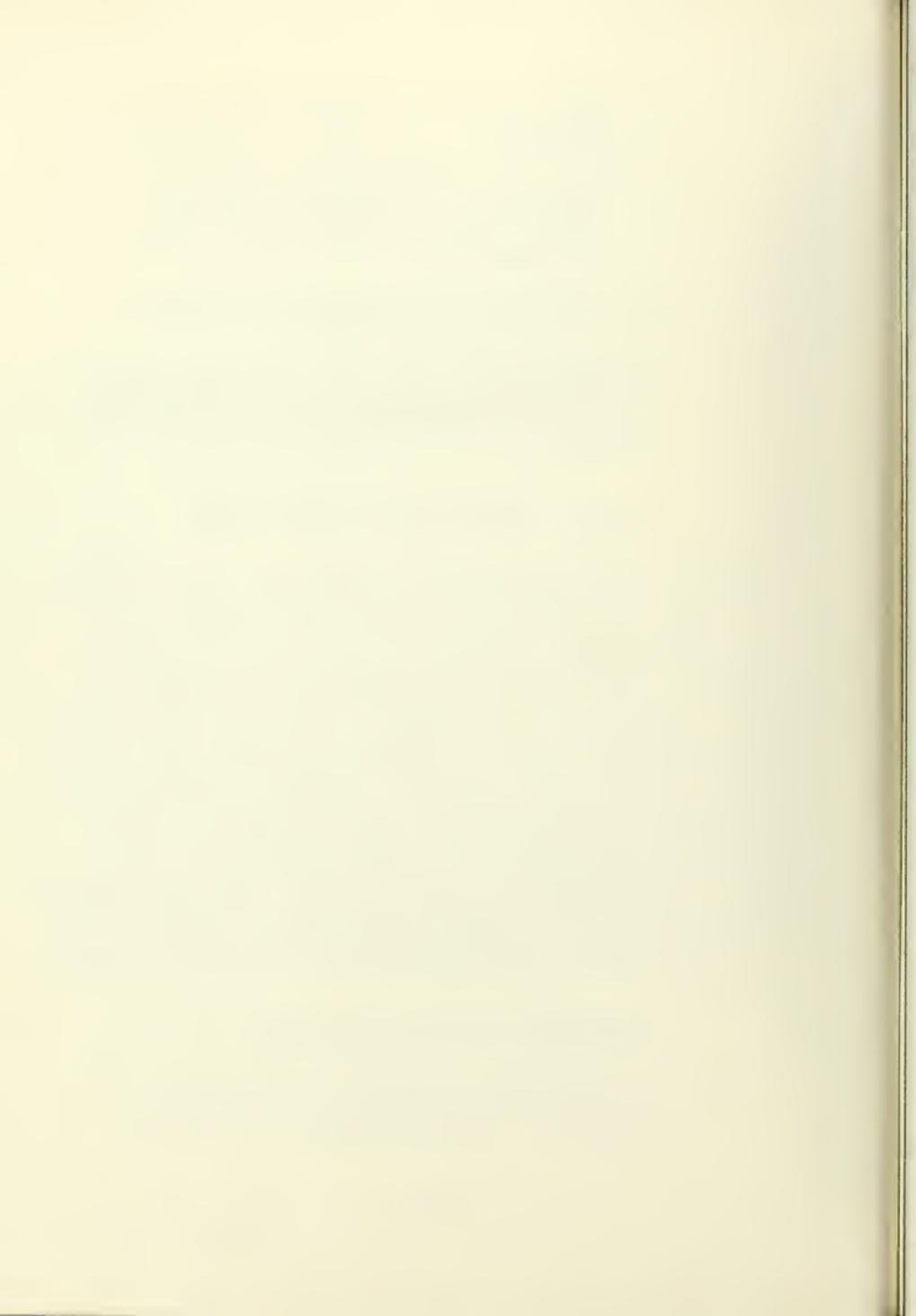
If, for the last item, the city office cannot provide the information, it will be necessary to contact the state office administering the program.

#### II.5.2: Expenditure Data Collection

Two major source distinctions will be made for expenditures: total expenditures (a combination of all sources of funds) and Federally-sourced funds expended. The latter will distinguish between funds received direct from the Federal Government or via a state or other agency. These expenditure figures will be related to various information categories (the same as those used in collecting the receipt data). As in the case of the receipt data, it may be necessary to consult more than one source in order to obtain a complete information set for the basic data item (i.e., a dollar amount of funds expended). The information will be recorded and processed in the same manner as the receipt data. The collection procedures will consist of first obtaining the expenditure totals for fiscal year 1967-68 by account, aggregating certain object class accounts, relating the account totals to other information which has been coded, and then recording the information on the proper coding form.

#### Sequential Steps to be Followed

Step 1      The Expenditure Account Listing will be used to obtain the expenditure totals for the accounts. The first operation will be to

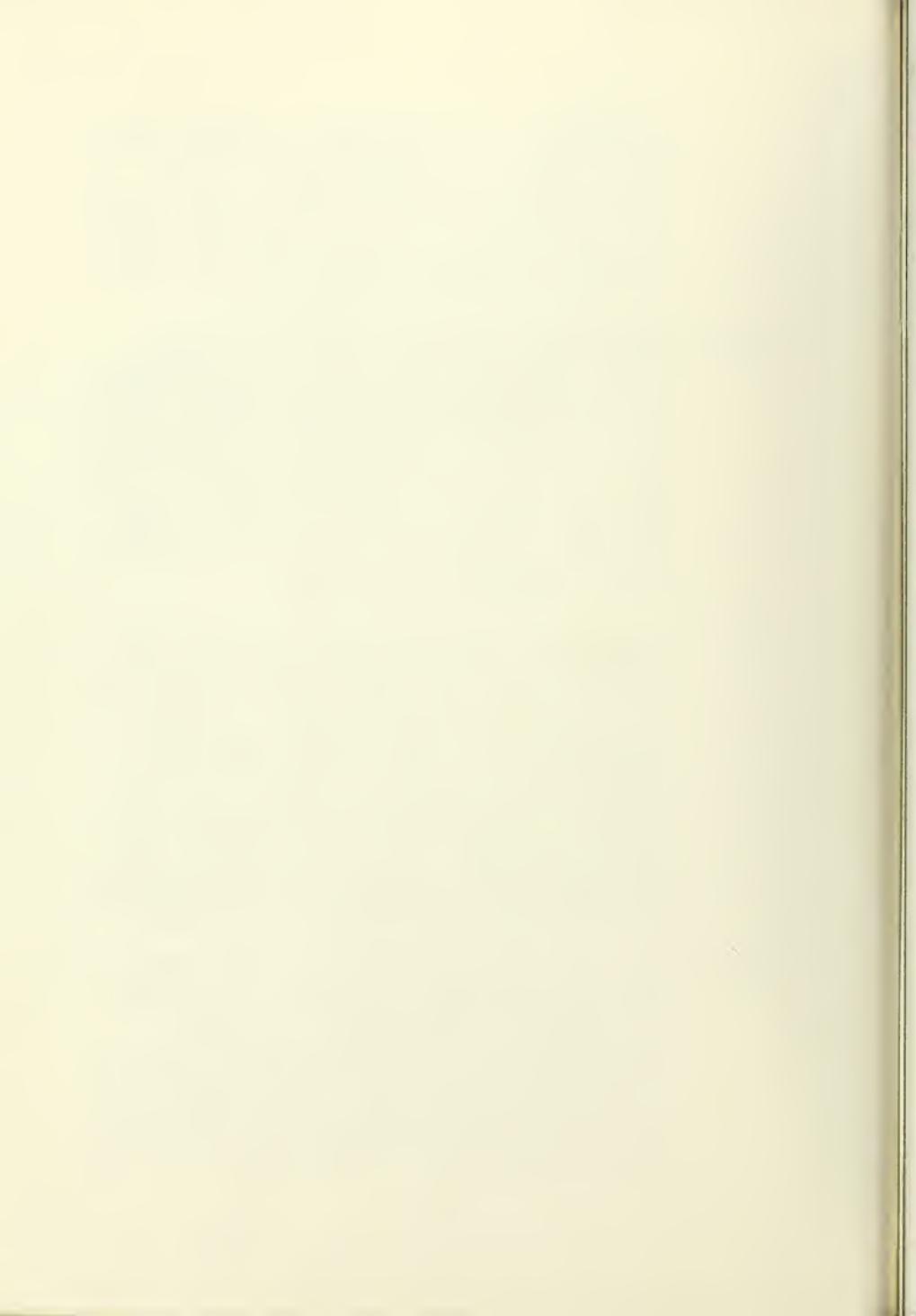


determine the year in which the account was established; this information is given in the first digit of the account code. If the account was established in fiscal year 1967-68 (designated by a 7 in the account code), then proceed to Step 2. If the account was established in a previous fiscal year, then Step 3 procedures should be followed first.

Step 2 Expenditure totals for the various object classes should be added to obtain an account total. The object class is designated by the last two elements in the account code -- the final six digits. Caution must be exercised in this step due to the occasional use of the last three digits to designate project or program distinctions. When this item is other than 000, it may represent either a project/program distinction or a finer classification of the expenditure object class.

Step 3 If the account was established in a previous fiscal year, the expenditure totals must be modified since they represent an accumulation of all expenditures made from the account since it was first established. To derive the proper totals, the account expenditure totals of the June 1967 listing should be subtracted from the totals of the June 1968 listing. The net figure will constitute the actual fiscal year 1967-68 expenditures made from the account. After this adjustment has been made, the procedures in Step 2 should be followed in grouping object class accounts.

Step 4 When the proper expenditure account totals have been obtained, the account title should be examined to determine if the purpose of the expenditure and whether it included Federal funds can be discerned. The second item in the account code, which specifies the city agency and activity, may be sufficient for relating the expenditure to the city program structure and the Federally-sourced funds



to the various information categories. The third item of the account code will be useful in identifying the involvement of Federally-sourced funds in the expenditure. This is particularly true when the 999 classification appears in this item; 999 items account for a very large proportion of the total of accounts containing Federal contributions.

If the information is sufficient to make the necessary determinations at this point, the data should be recorded on the expenditure data coding form. Table II-4 shows the basic data items and the information categories which should be completed for each.

Step 5 If after the above procedures have been completed and all the required information has not been obtained, it will be necessary to consult the individual city departments. The particular department can be determined from the second item in the account code which specified the organization unit to which the account pertains.

#### II.6: Problem Areas

Without a detailed account-by-account examination of the city financial records, it is not possible to state the specific procedures to be followed in obtaining the necessary data and information for each receipt and expenditure item. Therefore, procedures have been stated as alternative methods of securing data and information. This is to allow the staff collecting the data a latitude of judgment in resolving problems as they arise. Examples of such difficulties which may be encountered in the course of the data collection phase of the study will include:

1. The adequacy of some account titles for determining the source and purpose of receipt/expenditure items.



TABLE II-4

## INFORMATION CATEGORIES FOR EXPENDITURE DATA CODING FORM

BASIC DATA ITEM	Source of Funds			City Program Structure			Federal Organization			Federal Function & Activity			Uses of Funds			Comments
TOTAL CITY EXPENDITURES	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	As required
FEDERALLY-SOURCED FUNDS EXPENDED	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	As required

X - Item to be completed



2. Relating the receipt/expenditure item to the proper information categories. The degree of consistency will depend in this case on the familiarity of the staff with accounting terminology, and city, state, and Federal intergovernmental programs. The hazard posed can be reduced substantially through the use of a classification manual. Such a manual is in preparation and will be available at the time data collection starts.
3. Aggregating certain data for types of revenue and expenditure object classes. Once again, use of the classification manual can obviate much of the difficulty the problem poses.
4. Knowing alternative document and information sources to consult when initial procedures fail to yield the required information.
5. Allocating funds expended to the sources from which received. In general, the study will follow the San Francisco agency's rules in making such allocations. To the extent it is possible to do so, the classification manual will describe these rules. In difficult cases, reference will be made to the relevant agency.



### III. WORKLOAD, SCHEDULE, AND COST

The following table gives an estimate of workload and processing times for the data collection phase (excluding computer programming and processing) of the study:

TABLE III.1  
WORKLOAD ESTIMATES

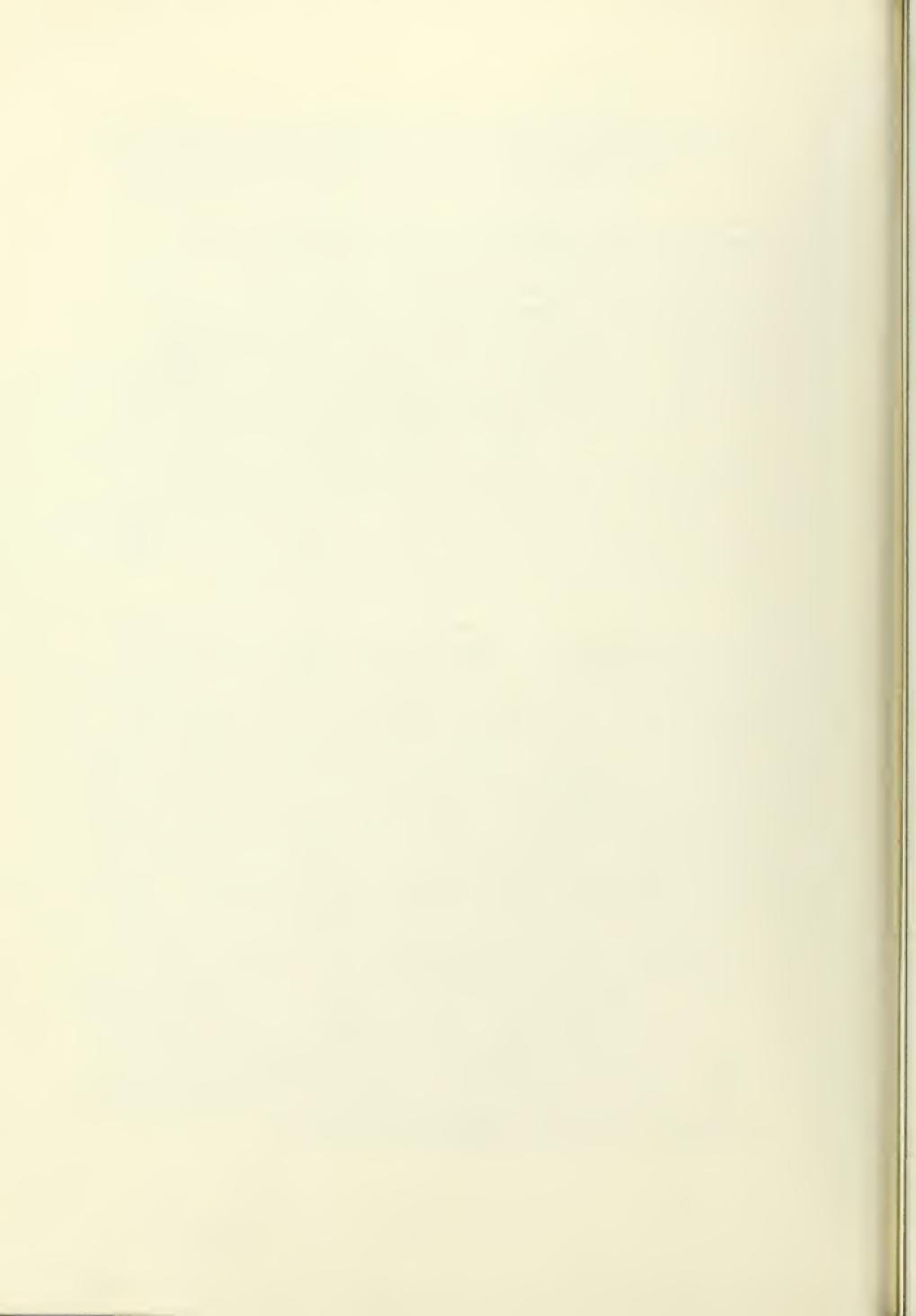
<u>ACTIVITY</u>	<u>NO. OF ACCOUNTS</u>	<u>MAN HOURS PER UNIT</u>	<u>TOTAL MAN HOURS</u>
1. <u>Expenditures Coding</u>			
a. Computation and coding	750	0.1	75
b. References to city agencies	400	1.5	600
c. References to state agencies	25	2.0	<u>50</u>
Subtotal, expenditures coding			725
2. <u>Receipts Coding</u>			
a. Computation and coding	500	0.1	50
b. References to city agencies	100	1.5	150
c. References to state agencies	25	2.0	<u>50</u>
Subtotal, receipts coding			200
3. <u>Other</u>			
a. Orientation	n/a	n/a	32
b. Coding form verification	n/a	n/a	<u>48</u>
Subtotal, other			80
Total, data collection	n/a	n/a	1,005



The estimates in Table III.1 do not include allowances for supervision, data processing, verification of the card punching, nor for the analytical phase.

Assuming that unforeseen difficulties do not arise, one full-time employee could complete the data collection effort in 25 weeks, two could do so in 13 weeks, and three could do so in 9 weeks. Since considerable judgment will be required in coding the data, no more than three full-time employees should be involved in the coding of data in order to insure consistency in classification. If fewer than three full-time employees were involved, too much time would elapse before the completion of the data collection effort. Accordingly, a staff of three full-time employees appears to constitute a reasonable compromise between consistency and timeliness. Thus, assuming that the collection of data were to begin during the week of February 17, 1969, this effort should be completed by mid-April.

There are alternative sources of staff for the data collection effort. Some of the Federal agencies involved have offered assistance as has the General Accounting Office. The primary advantage of employing staff from the operating agencies is that they are likely to be more familiar with the programs of their employing agencies. The primary disadvantage is that inconsistencies would result if too large a staff were assembled in order to permit each grant-making agency to provide a representative. The major advantage of GAO staff is that they are more likely to be familiar with accounting data, formats, and procedures. The primary disadvantage is that they might be treated as auditors by the city, state, and Federal staffs from which they seek information. However, this problem should be rectified by the clear understanding that the GAO personnel are assigned to the Bureau of the Budget which has responsibility for the project. Since accounting experience and background would be useful in the collection of data, the benefits of using GAO personnel seem to exceed those of employing personnel from the operating agencies.



The Bureau of the Budget will provide two people to work on the data collection effort; one of these will be full time. Thus, two full-time employees from GAO would complete the staffing.

The Bureau of the Budget will also arrange for processing the data and will develop the specifications for analyzing the implications of the use of the resulting formats. The analytical phase will begin while the data collection effort is in process and will extend through July, 1969. The Bureau staff involved in the analytic phase will consult with the officials of the City and County of San Francisco; the State of California; the Departments of Health, Education and Welfare, Housing and Urban Development, and Labor; and the Office of Economic Opportunity in the conduct of this phase.

Rough estimates of the costs of the study are given in Table III.2. The costs are based on the workload projections of Table III.1 utilizing the personnel resources as specified in the above discussion.

TABLE III-2  
ESTIMATE OF STUDY COSTS\*

Personnel Requirements

Feasibility Phase	340 man hours
Data collection and processing	1,125 man hours
Analysis	<u>2,000</u> man hours
Estimated Total Time	3,465 man hours = 1.7 man years

Estimated Costs

Personnel

1.7 man years x \$15,000	\$25,500
plus 7.5% personnel benefits	1,900

Supplies, equipment, etc.	1,100
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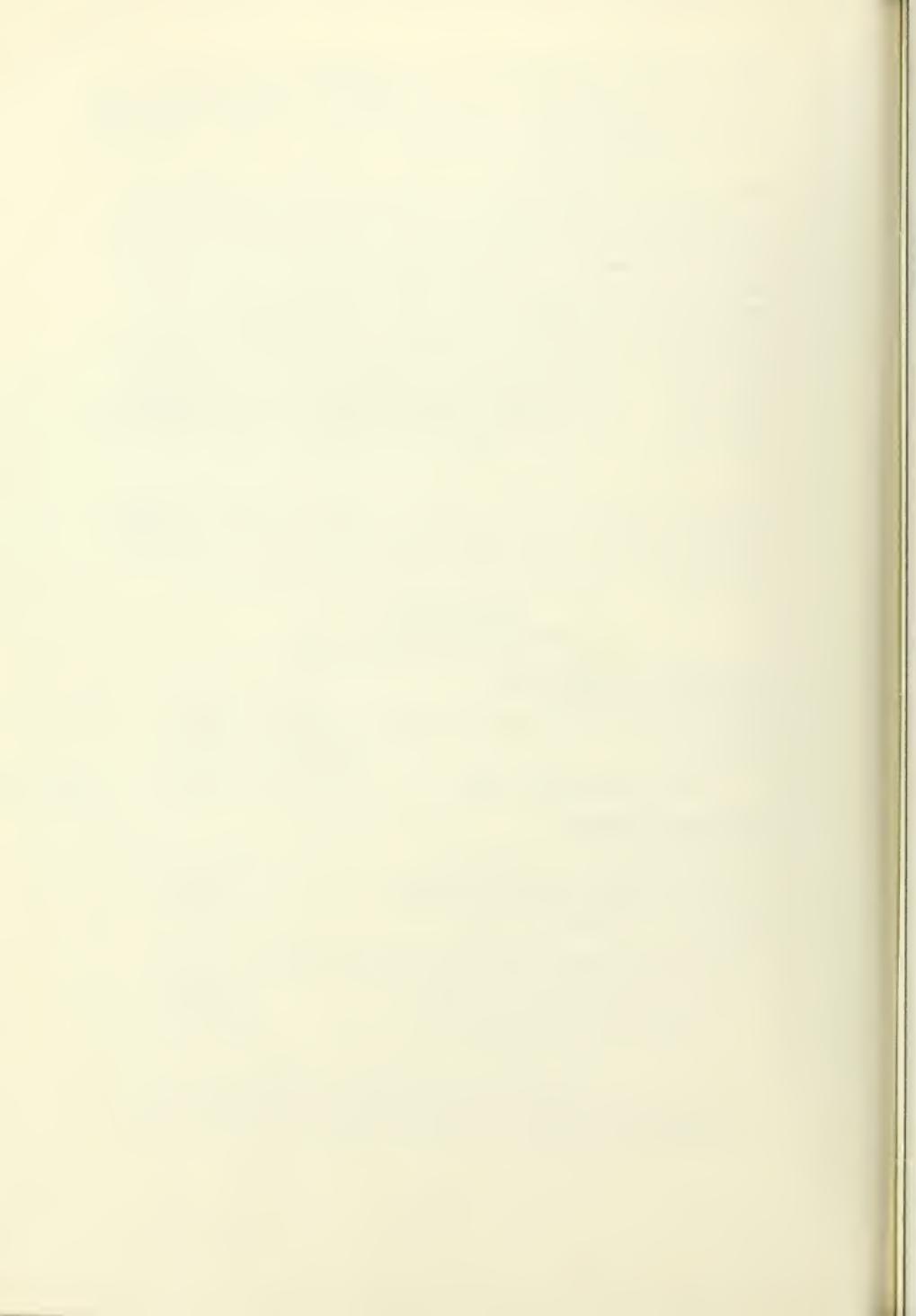
Travel

transportation (15 round trips @ \$274)	4,100
per diem (100 days at \$16)	<u>1,600</u>

Estimated Total Costs**	\$34,200
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\* excluding report reproduction and supervision

\*\* assumes that data preparation and computer time will be donated



APPENDIX A

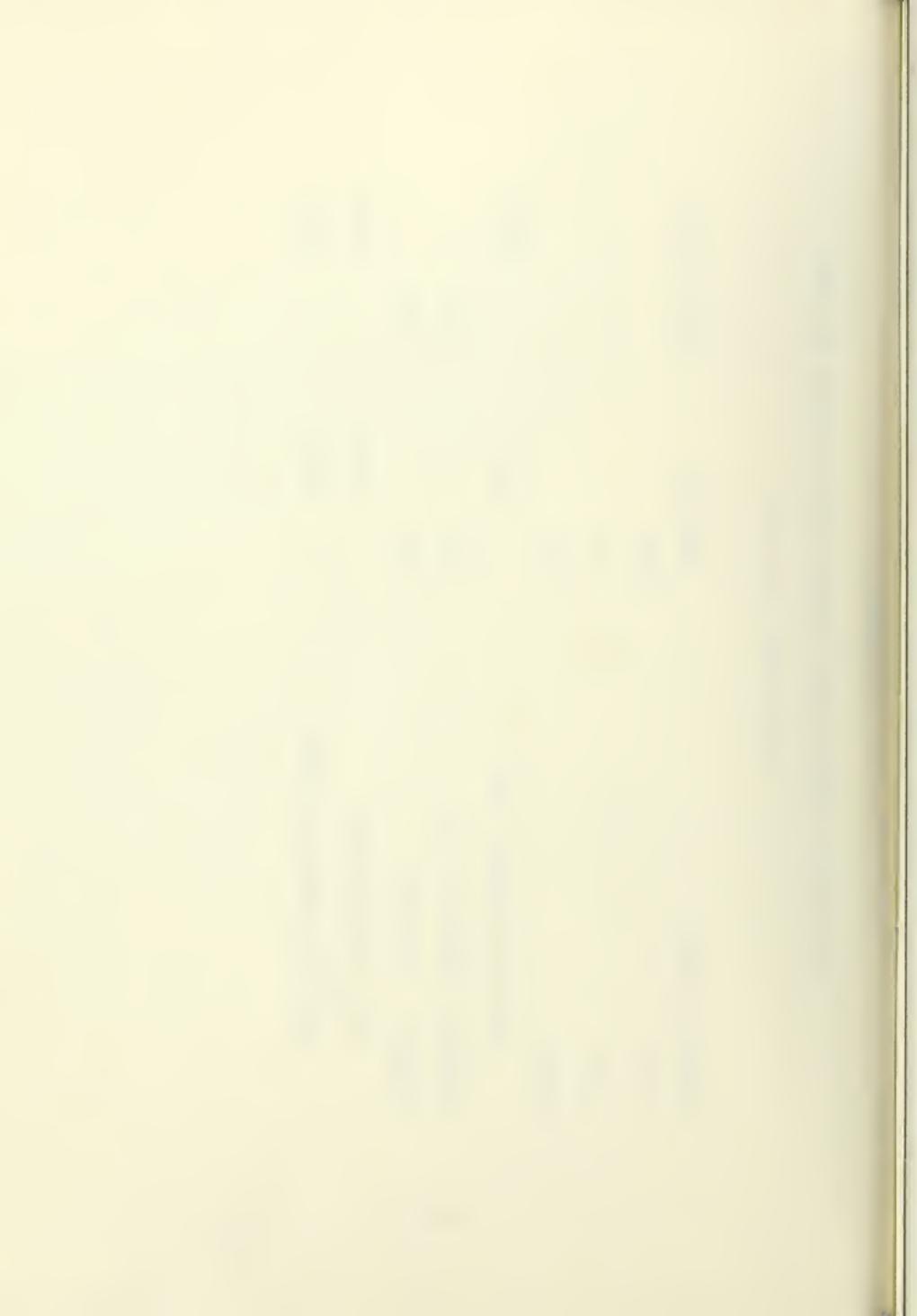


FIGURE A.1

SAN FRANCISCO RECEIPTS AND EXPENDITURES BY SOURCE OF FUNDS

FISCAL YEAR 1967-1968

<u>SOURCE OF FUNDS</u>	<u>RECEIPTS</u>	<u>EXPENDITURES</u>
STATE	\$XXXX	
LOCAL	XXX	
OTHER	XXX	
TOTAL NON-FEDERAL FUNDS	\$XXXXX	\$XXXX
FEDERAL - DIRECT TO CITY	XXX	\$XXXX
FEDERAL - VIA STATE	XXX	XXX
TOTAL FEDERAL FUNDS	XXXXX	XXXXX
TOTAL SAN FRANCISCO FUNDS	XXXXX	XXXXX



## FIGURE A.2

NON-FEDERALLY SOURCED FUNDS RECEIVED BY SAN FRANCISCO

FISCAL YEAR 1967-1968

<u>STATE SOURCES OF FUNDS</u> <sup>1</sup>	<u>AMOUNT OF RECEIPT</u>
Grants-in-Aid	\$XXXX
General Government	\$XXX
Public Safety	XXX
Education	XXX
etc.	
Shared Revenues	XXXX
Motor Vehicle Tax	XXX
Highway User Taxes	XXX
etc.	
Payments in Lieu of Taxes	XXXX
TOTAL STATE SOURCES <sup>1</sup>	XXXX
<u>LOCAL SOURCES OF FUNDS</u>	
Personal Property Taxes	XXX
Real Estate Taxes	XXX
Departmental Revenues	XXX
Public Service Enterprise Revenues	XXX
etc.	
TOTAL LOCAL SOURCES	XXXX
<u>OTHER SOURCES OF FUNDS</u>	
Private Gifts and Bequests	XXX
Public Contributions	XXX
etc.	
TOTAL OTHER SOURCES	XXXX

The examples given are illustrative of how non-Federally sourced funds will be classified and displayed.

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1. Excluded are all funds Federally sourced which are received by the city via the state.

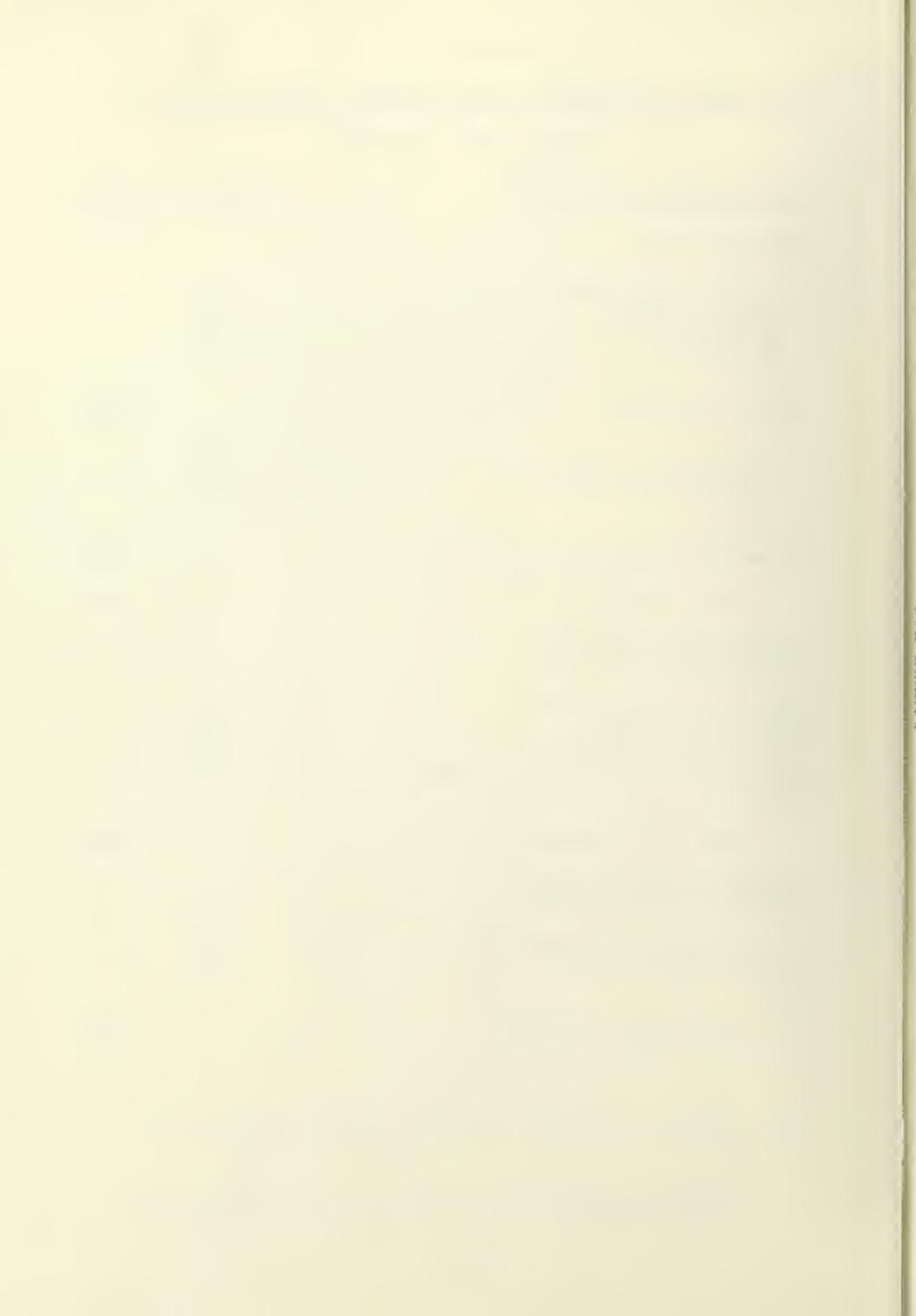


FIGURE A.3

FEDERALLY SOURCED FUNDS FOR SAN FRANCISCO  
FEDERAL ORGANIZATION CLASSIFICATION

FISCAL YEAR 1967-1968

<u>Department of Health, Education, and Welfare</u>	<u>RECEIPTS</u>	<u>EXPENDITURES</u>
Office of Education		
Bureau of Elementary and Secondary Education	\$XXXX	\$XXXX
Educationally deprived children	\$XXX	\$XXX
Supplementary educational centers	XXX	XXX
Bureau of Adult and Vocational Education	XXXX	XXXX
etc.		
Total, Department of Health, Education, and Welfare	XXXX	XXXX
<u>Department of Labor</u>		
Manpower Administration	XXXX	XXXX
etc.		
Total, Department of Labor	XXXX	XXXX
<u>Department of ....</u>		
etc.		
Total, Federally Sourced Funds	XXXX	XXXX

RECORDED IN THE OFFICE OF CLERK, COUNTY OF SANCHEZ, NEW MEXICO  
ON THIS 10TH DAY OF APRIL, 1998.

FEDERALLY SOURCED FUNDS FOR SAN FRANCISCOFEDERAL APPROPRIATION AND ACTIVITY CLASSIFICATIONS

FISCAL YEAR 1967-1968

<u>DEPARTMENT, APPROPRIATION, AND ACTIVITY</u>	<u>CITY RECEIPTS</u>	<u>CITY EXPENDITURES</u>
--	----------------------	--------------------------

Department of Health, Education, and Welfare

Appropriation 0212 Library and Community Services	\$XXX	\$XXX
Appropriation 0363 Mental Health Centers	XXX	XXX
etc.	XX	XX

Total, Department of Health, Education, and Welfare

XXX

Department of Labor

etc.

Total, Department of Labor

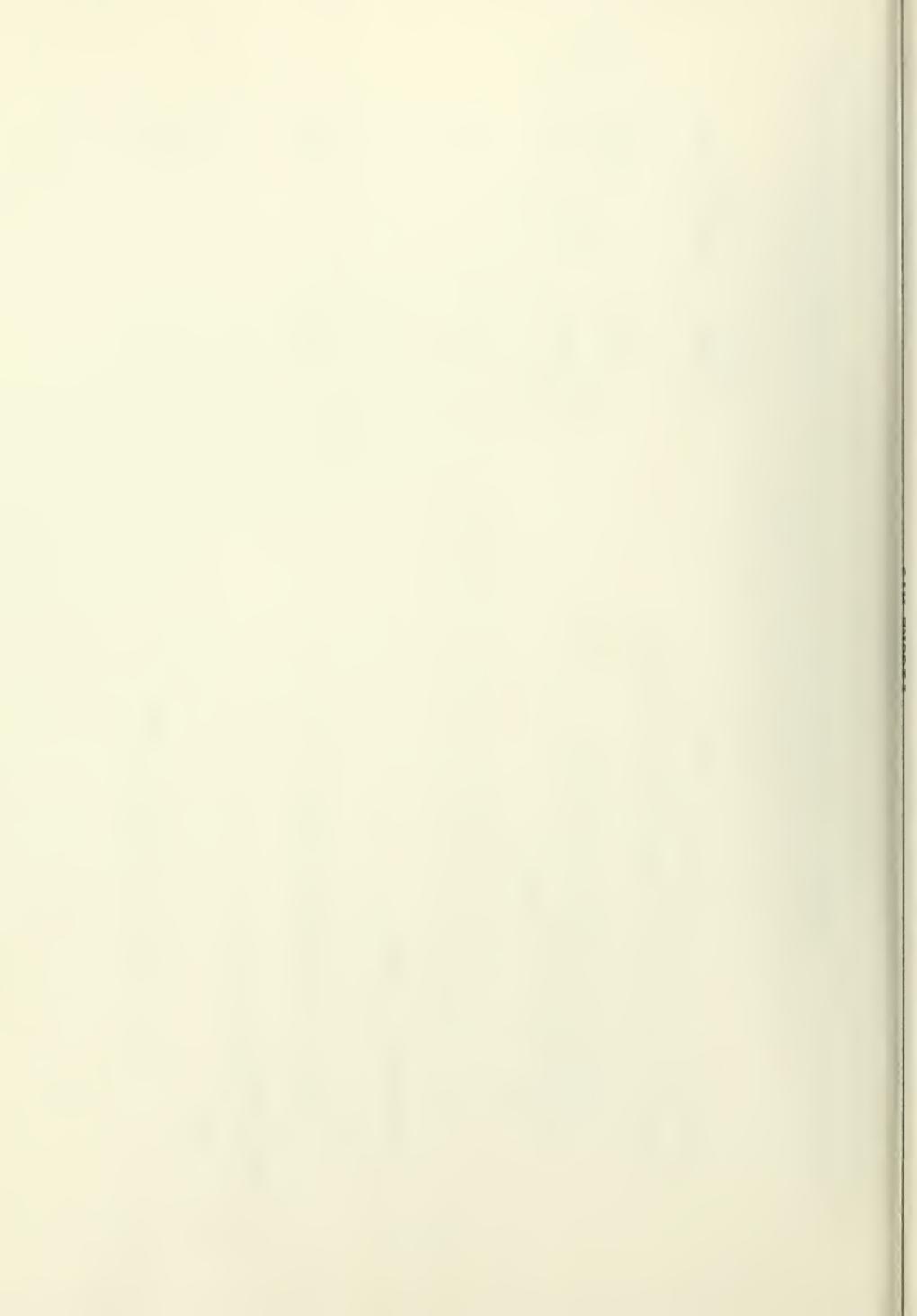
XXX

Department of \*\*\*\*\*

etc.

Total, Federally Sourced Funds

XXX



FEDERALLY SOURCED FUNDS FOR SAN FRANCISCO

FEDERAL FUNCTIONAL CLASSIFICATION

FISCAL YEAR 1967-1968

<u>FUNCTION</u>	<u>RECEIPTS</u>	<u>EXPENDITURES</u>
Community Development and Housing		
Concentrated Community Development	\$XXXX	\$XXXX
Community Environment	XXX	XXX
Community Facilities	XXX	XXX
etc.		
Total, Community Development and Housing	\$XXXX	\$XXXX
Commerce and Transportation		
Air Transportation	XXX	XXX
Water Transportation	XXX	XXX
Ground Transportation	XXX	XXX
etc.		
Total, Commerce and Transportation	XXX	XXX
etc.		
Total, Federally Sourced Funds	XXXX	XXXX

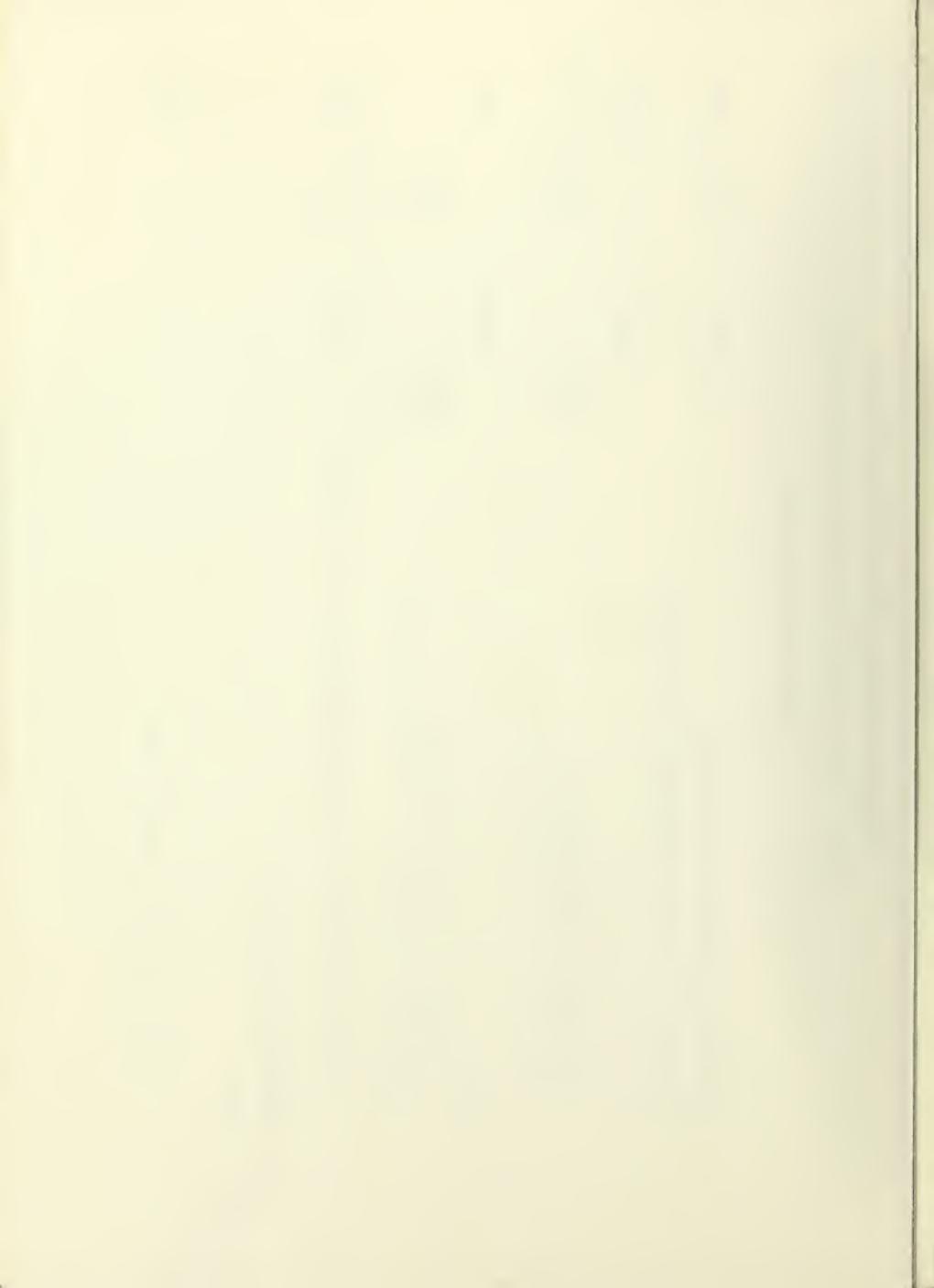


FEDERALLY SOURCED FUNDS FOR SAN FRANCISCO

FEDERAL AGENCY PROGRAM STRUCTURE CLASSIFICATION

FISCAL YEAR 1967-1968

<u>DEPARTMENT, CATEGORY, SUBCATEGORY</u>	<u>RECEIPTS</u>	<u>EXPENDITURES</u>
<u>Department of Health, Education, and Welfare</u>		
Education	\$XXXX	\$XXXX
Development of Basic Skills	\$XXX	\$XXX
Development of Vocational Skills	XXX	XXX
etc.		
Health	XXXX	XXXX
Development of Health Resources		
Prevention and Control of Health Problems	XXX	XXX
etc.	XXX	XXX
Total, Department of Health, Education, and Welfare	XXXX	XXXX
<u>Department of .....</u>		
etc.		
Total, Federally Sourced Funds	XXXX	XXXX



FEDERALLY SOURCED FUNDS FOR SAN FRANCISCO

FEDERALLY SOURCED CITY RECEIPTS AND EXPENDITURES

COMPARED TO TOTAL CITY EXPENDITURES BY  
CITY PROGRAMS AND ORGANIZATIONS

FISCAL YEAR 1967-1968

City Program Category and Subcategory	RECEIPTS		EXPENDITURES	
	Federally Sourced Funds Received	Total City Funds Expended	Federally Sourced Funds Expended	Total City Funds Expended
General Government	\$XXX XXX XXX	\$XXX XXX XXX	\$XXX XXX XXX	\$XXX XXX XXX
Legislative				
Public Safety	\$XXX XXX	\$XXX XXX	\$XXX XXX	\$XXX XXX
Police Administration				
Crime Control and Investigation				
etc.				
Total, City Funds	XXX	XXX	XXX	XXX
<u>City Organization, Program Category, and Subcategory</u>				
Department of Public Health				
Mental Health	XXX	XXX	XXX	XXX
Neighborhood Clinics				
etc.				
Total, Department of Public Health	XXX	XXX	XXX	XXX
Department of Public Works				
etc.				
Total, Department of Public Works	XXX	XXX	XXX	XXX
Total, City Funds	XXX	XXX	XXX	XXX
The examples are illustrative of how Federal and city funds will be classified among city categories.				









